

Message Text

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SUBJECT: WEEKLY HIGHLIGHTS

1. USIS SANA DIVERTED HARVARD ENERGY ECONOMIST THOMAS STAUFFER FROM IRAN TO YEMEN TO LECTURE AND MEET WITH YARG OFFICIALS IN USPPORT OF POST'S PRIORITY OBJECTIVE TWO,... "DEMONSTRATE THAT AMERICAN DEVELOPMENT ASSISTANCE ... IS THE PRODUCT OF AN ECONOMIC SYSTEM WHOSE PRAGMATISM AND TECHNOLOGICAL SOPHISTICATION ARE RELEVANT TO YEMEN'S DEVELOPMENTAL ASPIRATIONS, AND THAT PRIVATE ENTERPRISE, FOREIGN INVESTMENT AND INDIVIDUAL RESOURCEFULNESS HAVE AN INDISPENSABLE ROLE TO PLAY IN THE DEVELOPMENTAL PROCESS. STAUFFER WHO IS FORMER ENERGY CONSULTANT TO THE CABINET AND TO 1972 PRICE COMMISSION AND MOST RECENTLY ASSOCIATED WITH FEDERAL TRADE COMMISSION IN EFFORT TO DEVISE ANTI-TRUST GUIDELINES, ALLOWED EMBASSY OFFICERS TO PRESS IDEA OF US DEVELOPMENT ADVISORY BOARD FOR YARG.

2. ON MONDAY, JANUARY 23, IN AMBASSADOR'S RESIDENCE

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AS PART OF LUNCHEON, STAUFFER DISCUSSED "GLOBAL ENERGY ISSUES" WITH CABINET-LEVEL GROUP CONSISTING OF MINISTER OF EDUCATION AND PRES. SANA UNIVERSITY, ABDUL-KAREM AL-ERYANI; LEGAL ADVISOR TO PRESIDENT, HUSSEIN IL-HUBAISHI MINISTER OF STATE, AHMED ABDOU SAID; FORMER DEPPRIMIN, YAHYA GEGHMAN; HEAD OF PRIME MINISTRY'S SECRETARIET AND YEMEN'S FORMER

AMBASSADOR TO UN, MOHAMMED ABDUL-AZIZ AL-SALAAM;
DEPMINISTER ECONOMY ALI AL-BAHAR; AND HEAD,
AGRICULTURAL CREDIT BANK, TAHER RAJEB.

3. TALK DEVELOPED SOME PARALLELS FOR US AND YEMEN WHICH, ACCORDING TO STAUFFER, ARE BOTH DEPENDENT ON SAUDIS FOR FORESEEABLE FUTURE OF AT LEAST ONE OR TWO DECADES. STAUFFER ASSERTED ALTERNATIVES TO IMPORTED AND PARTICULARLY MIDDLE EAST OIL DO NOT EXIST FOR US IF ITS GNP IS TO GROW AND YEMEN WILL, IN ROUGHLY PARALLEL FASHION, HAVE TO DEPEND IN ITS DEVELOPMENT ON JOBS IN SAUDI ARABIA. IN LENGTHY AND CLOSELY FOLLOWED DISCUSSION OF HEAVY CONSTRAINTS ON US ENERGY PROGRAMS OF TECHNOLOGY, ARAB FINANCE, ABUNDANT FUEL SUPPLIES, AND ECONOMIC AND POLITICAL TRADE-OFFS IN US, STAUFFER SAID ENERGY INDEPENDENCE IMPOSSIBLE BUT INTERDEPENDENCE VIABLE AND, IN ANY CASE, INEVITABLE. US EXPORTS TO MIDDLE EAST HAVE RISEN FROM \$1 BILLION IN 1970 TO BETWEEN \$8-9 BILLION TODAY) FOR YEMEN AND OTHER MIDEAST COUNTRIES WHICH PRODUCE NO OIL, STAUFFER USED TERM INTRADEPENDENCE, SHOWING HOW OIL REVENUES HAD LED TO INCREASING ECONOMIC INTEGRATION IN REGION. STAUFFER CONCLUDED BY WARNING OF LIMITS WHICH APPLIED TO ARAB ATTEMPTS TO USE NEW ECONOMIC POWER FOR POLITICAL ENDS, EMPHASIS WHICH YEMENIS WELCOMED AS RESULT THEIR DEPENDENCE ON SAUDIS.

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4. WITH DISCUSSION THAT FOLLOWED GROWING HEATED AT TIMES AS YEMENIS ARGUED AMONG THEMSELVES ABOUT DEVELOPMENT DILEMMA OF YEMENI DEPENDENCE ON SAUDIS, MEETING LASTED OVER THREE HOURS. WE RATE MEETING AS VERY SUCCESSFUL. STAUFFER WAS CLEAR, SHARP AND CONCISE IN HIS PRESENTATION AND WE LOOK FORWARD TO TWO MORE PROGRAMS--A LUNCHEON -LECTURE AT PAO RESIDENCE FOR SECOND LEVEL YEMENI PLANNERS, ECONOMISTS AND BANKERS AND A PUBLIC LECTURE TOMORROW AT SANA'A UNIVERSITY.

5. WE OWE SPECIAL THANKS TO EMB KUWAIT'S STEVE BUCK FOR FACILITATING STAUFFER'S TRAVEL TO YEMEN.
RANSOM

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